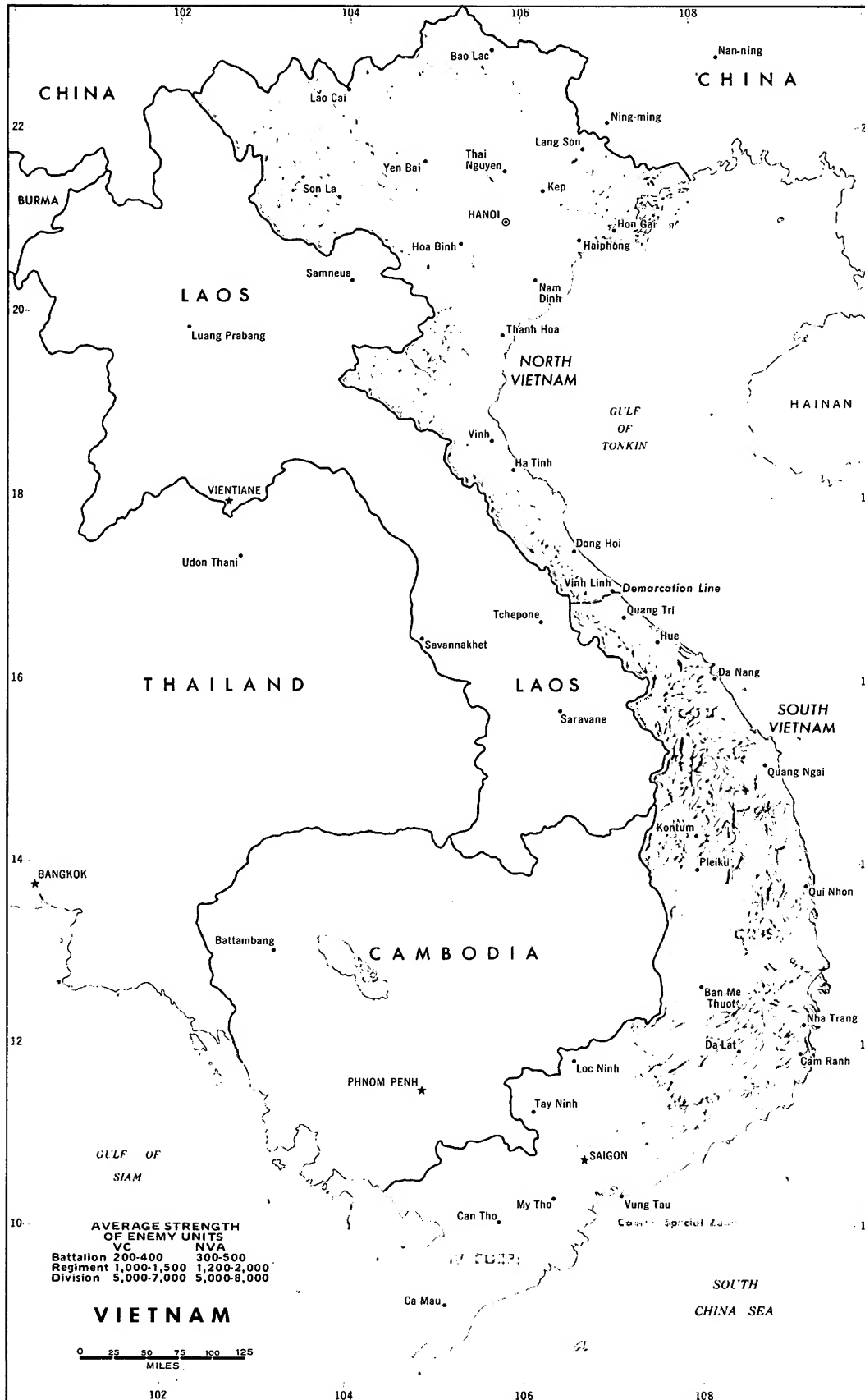




The President's Daily Brief

21 July 1969
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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

Ho Chi Minh's statement of 20 July on the occasion of the 15th anniversary of the Geneva Accords contained the standard Communist claims of success on the battlefield coupled with the usual demands for complete and unconditional withdrawal of US forces as a precondition for elections or other political arrangements in South Vietnam. He alleged that 80 percent of South Vietnam's territory and 75 percent of its people have been "liberated" by Communist forces. Praising "our armed forces and people, ..fearless of sacrifices and hardships," he promised "total victory" to the Communists.

Hanoi Radio and the party newspaper Nhan Dan, as well as a broadcast in the name of the Provisional Revolutionary Government, all elaborated on Ho's themes, in an apparent attempt to recapture some of the propaganda initiative from Thieu. None of these statements of the Communists, however, offered any new proposals or otherwise suggested that any initiatives were imminent.

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Saigon, Hue, Kontum city and a number of allied bases scattered throughout South Vietnam were hit by light and generally ineffective mortar and rocket fire over the weekend, but there was no upsurge in the over-all level of enemy action. There were still some indications, however, that elements of the Communists' 1st, 7th, and 9th divisions are trying to prepare for some form of coordinated activity against

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Tay Ninh city and against allied military positions in northern III Corps during the next few days.

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At Annex today we discuss the increasingly fretful and unpredictable mood in the Arab world.

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There is nothing significant to report on Soviet Affairs or Europe.

II. OTHER IMPORTANT DEVELOPMENTS

INDIA

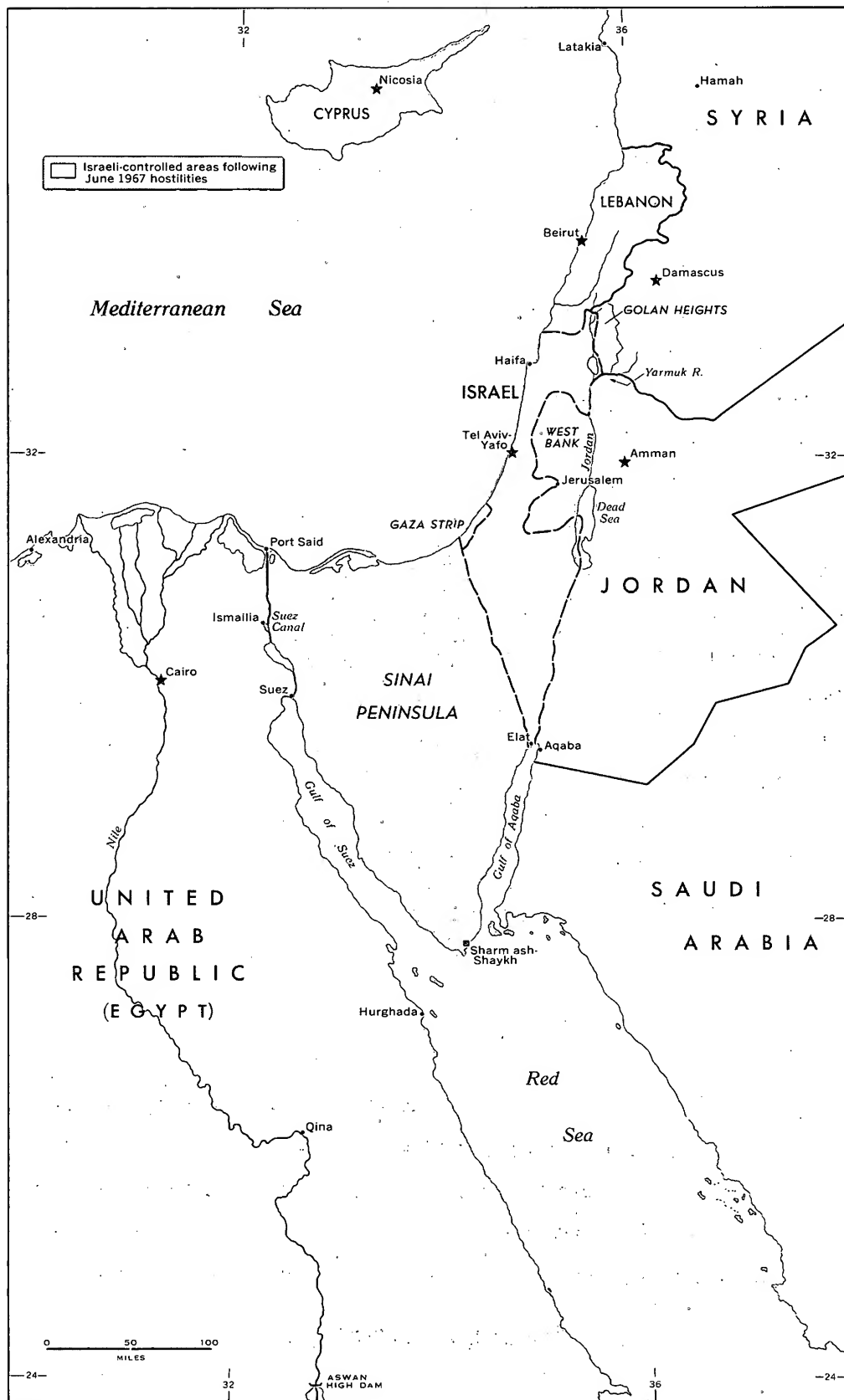
With Morarji Desai's refusal to rejoin the government, and Mrs. Gandhi's decree nationalizing most of India's private banks, the possibility of papering over the split in the Congress Party has become remote indeed. Mrs. Gandhi's conservative opponents have waged an astute campaign against her, and they will be able to make a good deal of capital out of her recent high-handedness. She is far from defeated, however. The nationalization decree is sure to gain her the backing of important sections of the party.

The battle probably will be resolved one way or the other in the next day or two. The party's parliamentary caucus met yesterday, and its highest policy-making body is meeting tonight. One thing which seems certain is that the parliamentary opposition will have plenty of chances to exploit the crisis when the legislature convenes today.

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EL SALVADOR - HONDURAS

A number of clashes in violation of the cease-fire have been reported. Salvadoran troops apparently have been largely responsible for these incidents. The Salvadorans also show no inclination to comply with the OAS call to withdraw their forces from Honduran territory.



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THE MOOD IN THE ARAB WORLD

The Arabs, like the Israelis, are laboring under a heavy burden of frustration these days. It scarcely needs saying that far more things still divide the Arabs than unite them, but on the question of Israel, they share a common feeling of having been wronged and of seeing no way out. Consequently, the Arab mood has become fretful, irresponsible, and, most important, unpredictable.

The Arabs' gloom is rooted in a sense of their own impotence vis-a-vis Israel. All of them, even the fedayeen, recognize that their chances of inflicting significant damage on Israel at the moment are practically nil. Nearly all of them, moreover, are having their noses rubbed almost constantly in some specific aspect of Israeli invincibility. The Egyptians are chagrined at Israel's fortifications along the Suez Canal and its overflights of Egyptian territory. Jordan looks futilely at the Israeli presence in Jerusalem and the West Bank, as does Syria at the air of permanence in the Israeli settlement on the Golan Heights. Lebanon, of course, is terrified at the prospect of Israeli reprisals. 50X1

Given this dilemma, it is not surprising that the Arabs view the situation with a mixture of emotions, many of which contradict each other:

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--Nearly all of them feel constrained to maintain the pressure on Israel as best they can, and to do so with a good deal of bluster. They cannot afford to be upstaged by the fedayeen.

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--At the same time they remain conscious that there is little they themselves can do, and for this reason they look for a deus ex machina to rescue them. Most of them are not particularly sanguine, however, in part because they remain convinced that the US is in Israel's corner and possibly because they may have nagging doubts about Soviet support.

--A constant and painful goad to Arab state leaders has been the ability of the fedayeen, without really hurting Israel much, to project themselves to the forefront of the anti-Zionist crusade. Drawing primarily on Palestinian refugees, the fedayeen groups have grown and prospered while Husayn has had to watch large-scale desertions from his crack army, while the Syrian army has bled itself in political purges, while the Iraqis have barely contained the ever-present challenge of Kurdish tribesmen, and while the well-equipped Egyptians have had to content themselves with recurrent rounds of training and inconclusive artillery exchanges along the Suez Canal. The fedayeen remain dangerous because they are willing to sabotage any reasonable peace agreement, and could pull down the governments of Jordan and Lebanon in the process. Jordan still is confronted with the "state within a state" of the armed

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fedayeen, and Lebanon has not been able to replace the government forced out months ago by the dispute over support for the fedayeen in Lebanon.

--Occasionally through all this pessimism there surfaces the notion that somehow, some day, the Arabs can triumph over the Israelis. This feeling crops up occasionally in the Egyptian military, and more frequently among the fedayeen, who remain convinced that their cause will succeed even while they admit that their campaign against Israel is not accomplishing much.

--When the pressures get really severe, most of the Arabs begin to show a streak of fatalism and resignation. This can propel them either way: either toward acceptance of their unhappy lot for the moment, or toward the idea that decisive action against Israel, no matter how suicidal, must be undertaken. So far, most of the important Arab leaders have kept such feelings under control, although the popular support given the fedayeen is goading them into ill-considered attacks.

We expect that this range of feelings may be reaching the point of dangerous unpredictability. The Arabs remain unhappy at their impotence, faintly hopeful that someone will bail them out, occasionally indulging in irrational flights of optimism or fatalism, committed to doing all within their limited means to make life difficult for Israel. In this mood a key figure to watch is Nasir. He still possesses almost infallible instincts for political survival, as well as the propaganda machinery still capable of reviving his now tarnished charismatic leadership of the Arab world. Caught between the millstones

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of fedayeen "heroism" and Israeli toughness, Nasir's sure sense of political opportunism is looking for some solution with which he can attempt to regain his former reputation and carry the Arab people with him--and this carries the risk that he could set them off on a dangerous path.

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